

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6986

BILL NUMBER: HB 1252

NOTE PREPARED: Mar 28, 2011

BILL AMENDED: Feb 17, 2011

SUBJECT: CEDIT for Perry County Jail.

FIRST AUTHOR: Rep. Ellspermann

FIRST SPONSOR:

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill authorizes the Perry County council to impose an additional county economic development income tax (CEDIT) rate of up to 0.5% of a county taxpayer's adjusted gross income to construct or improve the county jail. The bill provides that the Perry County CEDIT tax rate plus the county option income tax (COIT) rate may not exceed 1.75% of a county taxpayer's adjusted gross income.

Effective Date: Upon passage.

Explanation of State Expenditures: The Department of State Revenue (DOR) and the State Budget Agency (SBA) would be required to adjust Perry County's CEDIT certified distribution if a tax rate increase is adopted by the county council. The DOR and the SBA should be able to carry out this provision within their existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) This bill would allow Perry County to impose an additional CEDIT rate of up to 0.5% to construct or improve the county jail. It is estimated that Perry County could generate approximately \$1.3 M from an additional CEDIT rate of 0.5%. Perry County's CEDIT certified distribution for CY 2011 is about \$1.5 M.

In order to increase the tax rate, the county council would have to adopt an ordinance. The bill prohibits the

DLGF from considering the additional revenue in setting the county's maximum levy. Any impact will depend upon local action.

Effective dates for new or increased LOIT rates are provided below.

Adoption Date	Effective Date
January 1 - September 30	October 1
October 1 - October 15	November 1
October 16 - October 31	December 1

State Agencies Affected: DOR; SBA.

Local Agencies Affected: Perry County.

Information Sources: State Budget Agency, CY 2011 Advisory Distribution Amounts and LOIT tax rates as of November 24, 2010.

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